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Hemispheric Togetherness

The Central American Free Trade Agreement, we hear, is in trouble. Free-trade Democrats have bailed out, which would deprive the accord of easy passage.

We urge wavering Democrats, and their labor supporters, to reconsider. If CAFTA helps our Latin neighbors better compete with China, it will create more winners than losers for all CAFTA partners.

CAFTA would remove most tariffs on products traded among the United States and six other countries -- Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala and the Dominican Republic (a Caribbean nation added on).

As with 10-year-old NAFTA -- which opened free trade among the United States, Canada and Mexico -- this treaty generates controversy.

Organized labor contends that workers in the high-wage United States lost big in NAFTA and would do so again under CAFTA. We argue otherwise. It's true that the United States saw a terrible bloodletting in factory jobs over the last 10 years, but we question how much NAFTA is to blame.

Manufacturing employment was plummeting before NAFTA, with many of the jobs going to Asia. The harsh reality is that many of our labor-intensive industries cannot compete with Third World factories, where workers earn pennies an hour. When we look at U.S. factories that have moved to Mexico, we have to ask how many would have simply gone to China instead, had it not been for NAFTA.

American workers still have things to sell the rest of the world, and it's easier to sell them to our neighbors. NAFTA has been good for U.S. farm products, industrial machinery and many other goods that Americans export. CAFTA could do the same.

We have other geopolitical interests in freeing trade with the Central American countries and the Dominican Republic. The group includes very poor, fledgling democracies. Trade will stabilize this often turbulent region. And growing economies there will reduce pressure to immigrate, often illegally, to the United States.

CAFTA is, above all, a way to protect our Latin neighbors from the Chinese juggernaut. Mexico, of all places, has been losing factory jobs to China. And the CAFTA countries face similar threats. Removing tariffs on products they send the United States will let them better compete with China.

Big Labor's resistance to CAFTA, if misguided, is at least understandable. The opposition by U.S. sugar interests is outrageous.

The sugar industry already enjoys an insane amount of trade protection. As a result, Americans pay billions more a year for sugar than they would on a free world market. And compromises were written into CAFTA that essentially buy off Big Sugar by limiting sugar imports to 1 percent of American production.

Yet even these concessions have not persuaded the sugar interests to drop their objections. The beyond-greedy demands have so angered the Bush administration that it may work to break sugar's stranglehold on Congress.

"If it [the concessions] isn't good enough," Under-Secretary of State (and former U.S. Trade Rep.) Robert Zoellick, said recently, "then maybe the overall sugar program is something that all the agriculture community is going to have to examine and look at" in the next farm bill. We hope that sentiment lives on, CAFTA or no CAFTA.

But there should be a CAFTA. The Chinese tsunami of exports threatens manufacturing everywhere. We in the Western Hemisphere should stick together. Free trade helps all of us.